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FROM USMISSION UNESCO PARIS
STATE FOR IO/T, IO/S, L/UNA

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SUBJECT: USUNESCO: 171st EXECUTIVE BOARD, RESULTS OF F&A
COMMITTEE

Ref: Secstate 76821

11. Budget

The Director-General proposed to the Executive Board a budget of \$635 million, a 4% increase in UNESCO's budget. After contentious negotiations, the Executive Board adopted a decision that requests the Director-General to present to the next Executive Board a baseline budget proposal of \$610 million (ZNG) and a supplementary proposal of up to \$25 million financed through "innovative mechanisms (excluding carry-over)." This decision notes support received from some Member States for the budget of \$635 million proposed by the Director-General and requests the Director-General to explore further possibilities to reinforce principal priority programs within the baseline of \$610 million.

This was the result of debates in which 6 Member States (US, UK, Canada, Germany, Brazil, Australia) gave strong support to ZNG. The 11 African states on the Executive Board argued in support of the Director-General's proposed budget of \$635 million. Japan was notably in support of the Director-General's proposal and was willing to seek alternative means to provide the D-G flexibility in the budget. Other WEOG states (including France and Italy) voiced support for a budget somewhere between \$610 and \$635 million. GRULAC, led by Brazil, took a position in support of ZNG, but support for ZNG among the individual states was weak. This was best demonstrated when Ecuador made a statement in support of the \$635 million proposed budget.

The adopted decision was a compromise intended to keep the budget level at \$610 million but reflect the concerns of the developing states by allowing the Director-General to find other ways to increase financial resources. The final budget decision will be made at the next Executive Board.

In introducing the resolution, the Director General made a statement saying that he understood the resolution to call for a regular budget proposal of \$610 million (with "regular budget" as defined in Art 9(2) of the UNESCO constitution) and a supplementary proposal of \$25 million, which would be funded through extrabudgetary contributions (as defined in Art 9(3) of the UNESCO constitution). Article 9(3) of the UNESCO constitution states, "The Director-General may accept voluntary contributions, gifts, bequests and subventions directly from governments, public and private institutions, associations and private persons, subject to the conditions specified in the Financial Regulations."

Per instructions in reftel, USDel did not join consensus on this decision. USDel thanked the DG for his clarification, and stated our understanding that the regular budget ceiling is to be \$610 million, that the US does not join consensus on this decision, and that while we were not calling for a vote at this time, the US would not join consensus on a budget ceiling (for 2006-2007) of more than \$610 million.

Subsequently, Tanzania spoke up on behalf of the African states and thanked the DG for taking African concerns into account. Tanzania did not explicitly state support for ZNG, but did not contradict the clarifying statements of the DG and US. The Tanzanian delegate had told USDel privately that Tanzania would not oppose a ZNG ceiling at this meeting.

12. Education: Anti-Doping Convention

USDel argued vigorously for the Executive Board to recommend that the convention against doping in sport should be financed out of a voluntary fund rather than the general budget. Despite a lack of consensus during the negotiation of this matter in the commission meetings, the decision forwarded to the Plenary reflected a solid endorsement of regular budget funding. USDel re-opened the debate in the plenary, again arguing for the convention to be financed through a voluntary fund. The Latin American countries (especially Brazil and Ecuador) supported the USG position, but the majority of Executive Board members did not. Brazil suggested compromise language that recommends the Secretariat for the convention be financed out of the

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regular budget but with a "strict and limited" cap on the amount. The Executive Board adopted the decision with this amendment. This sudden change of position by Brazil upset other GRULAG non-Executive Board Members (Costa Rica and Colombia) who took the floor as Observers to denounce the decision that had not taken into account the positions expressed by Member States at the negotiations. The Executive Board adopted the decision with this amendment.

(Note: When USDel raised the issue of funding of conventions during the drafting committee, the response came from the Legal Advisor's office that UNESCO has always funded conventions from its core budget. The only conventions at UNESCO not funded by the core budget are those that are deposited at UNESCO. The Indian ambassador helpfully added to this discussion that this is not how conventions are paid for in New York. USDel took this as an opportunity to advocate for change in UNESCO's methods.)

13. Education: Decade on Education for Sustainable Development

USDel was successful in revising the decision adopted by the Executive Board to "note" rather than "adopt" the draft implementation scheme, and in getting the matter deferred to the next Executive Board in September. The resolution further requests the Director-General to develop a concrete plan for UNESCO's role in the implementation of the Decade. The resolution language that came out of the drafting committee was silent on whether the draft would be re-submitted to the Executive Board for consideration and possible adoption, but some last minute wrangling resulted in the final decision inviting the DG to revise and re-submit the draft implementation scheme.

Japan and the UNESCO Secretariat lobbied extremely hard for this addition, but many delegations (including Germany, Australia, and several Nordic countries) agree with the U.S. preference for the draft scheme to be simply dropped. None, however, seem inclined to actually do anything to kill the plan. And since it was requested by the UNGA, is important to Japan and the Director-General, it is not likely to go away. US Mission will continue to follow this item closely, to work to have the scheme dropped if possible, or else work to ensure it is revised to suit USG concerns.

14. Education: Follow-up on the EFA Strategic Review and UNESCO's Strategy for the 2005-2015 Period

This item got called up earlier than scheduled and delegations wasted no time indicating their impatience with the drafted decision. USDel joined the relatively small working group that formed that included the UK, Iceland, Japan, US, Pakistan, India, Canada and a couple of others that wandered in and out. Incoming ADG/Education Peter Smith, Dakar Follow-up head Abhi Singh and others from the Secretariat joined us. Perhaps spurred by the impatience of

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finally doing what we all wanted to do a year ago when India blocked consensus, the group and Peter Smith had a robust exchange over the text, with delegations asking pointed questions and Smith providing long and detailed answers.

The point of this process, proposed by the British Ambassador, was to ensure a "fresh start" for Peter Smith in his work with the Education Sector and to make sure that everyone was clear about what exactly the text of the decision asks of the Secretariat and what is expected by the delegations. This time, India joined in the deliberations with an eye for change. USDel was successful in removing mention of MDGs in text and supported Japan in removing text on donor harmonization.

As a result, the decision adopted by the Executive Board provides the incoming American ADG/Education with greater latitude and flexibility to make decisions, implement changes and deploy staff. It calls for accountability from the field offices to the Education Sector and even gives him the power to restructure the whole sector if he chooses.

Delegations openly discussed their delight at Smith's openness, ideas and enthusiasm for tackling this job.

15. Education: Literacy and Cuba:

USDel was successful in fending off a stealth attempt by Cuba to co-opt the UN Literacy Decade and impose its brand on this important flagship initiative. USDel flagged a last-minute addition to the Board agenda that called for member states to adopt recommendations made at a non-UNESCO literacy conference held in Havana in January.

The Director-General provided a strong Information document

that listed multiple reasons why this agenda item was inappropriate for the Board to consider. His action allowed us to remain silent on this point as the Board agreed to merely take note and not adopt the recommendations.

16. Education: Quality Provision in Cross-Border Higher Education:

Following a dramatic and protracted discussion over the legal status of these guidelines the Executive Board invited "the Director General to inscribe on the provisional agenda of the 33rd session of the General Conference an agenda item proposing a final discussion and then the endorsement of the non-binding draft guidelines" on quality provision in cross-border higher education. A few Member States did note their desire to have a binding instrument in this area. This item was reopened in the plenary by Brazil to revisit the legal status that they wanted to have strengthened. A separate cable will be prepared on this item and legal instruments at UNESCO.

17. UNESCO Institutes:

The Secretariat presented revised guidelines regarding the establishment and operation of Category I and category II UNESCO Institutes and centers. Japan expressed support for the use of category II centers as a means of revitalizing the work of UNESCO throughout the world, cautioning that centers, once established, must be sustainable. China described the report as "excellent," but joined Mali in expressing uncertainty as to how category I centers would be evaluated, and whether there was any oversight mechanism. U.S. delegation advocated a strategic approach to category II centers, to include a study similar to that submitted on category I centers, an evaluation of long-term impact, and results-oriented guidelines. The Director General's office responded that Category I centers are subject to evaluation by the IOS; in addition, individual institutes have commissioned evaluations of their activities. The ODG stressed that the Secretariat would continue to make an effort to highlight the contributions of category II centers in program documents. The draft decision was amended by Japan to include language underlining "the importance for UNESCO to ensure a substantial, effective and sustainable contribution of category II institutes" and requesting, "that flexibility be allowed in terms of the guidelines and the model agreement governing the establishment of such centers." The Japanese and Indian centers proposed by the Secretariat were endorsed and feasibility studies were

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requested for the other proposed centers.

18. Starck Project

UNESCO's Headquarters Committee (an independent intergovernmental body elected at the General Conference) has endorsed a project to redecorate the seventh floor restaurant. The estimated cost will be \$850,000. Under the powers vested in it by the General Conference, the Headquarters Committee created a Special Account to collect voluntary contributions for this project. The Headquarters Committee has to date collected \$1,100 for this account. The Headquarters Committee therefore proposed advancing \$100,000 Euros from the Headquarters Utilization Fund to launch the project. Future voluntary contributions were expected to reimburse the Headquarters Utilization Fund and cover the remaining costs (\$750,000) of the renovation project.

At the Executive Board, Member States expressed displeasure that the Headquarters Committee could take such action without first consulting with the other Member States. Member States (including USG) also expressed the position that it was too risky to "borrow" this money from other UNESCO accounts without any guarantee that the remaining costs could be covered by voluntary contributions. The \$100,000 spent on "launching" the project could be lost if no other contributions were forthcoming.

UNESCO Legal Advisor informed the Board that the Headquarters Committee was within its right to establish the Special Account for this project without the approval of the Board. However, the Board decided not to approve transferring the funds from the Headquarters Utilization Fund at this time. Instead, the Board adopted a decision in which the operative language invites the Director-General, in cooperation with the Headquarters Committee, to report to the next Executive Board on the progress made in planning this project and collecting funds. At that time the Board will have to decide how to proceed on this project.

19. Staff Matters

The Executive Board reviewed the use of consultants by UNESCO, the Director-General's response to the Annual Report

(2004) by the International Civil Service Commission, the adoption of new management tools and staff policy, and the state of the UNESCO Medical Benefits Fund. Debates on two items (hiring of consultants and review of the Medical Benefits Fund) were substantial. USDel argued that the hiring of consultants should be based on the principle of value for money rather than geographic distribution. However, other Member States and the Secretariat argued that previous Executive Boards have already adopted decisions urging UNESCO to achieve wider geographic distribution in the hiring of consultants (166 ex/Decision 3.1.2(II) and 169 EX/Decision 3.2(II)). These decisions are recalled in the decision adopted by this Executive Board. USDel was not successful in removing this language from the draft decision.

The Executive Board was informed of the findings of an audit by the External Auditor of UNESCO's Medical Benefits Fund, based on which the Secretariat proposed taking certain measures to ensure the Fund's long-term financial stability and equilibrium. The Executive Board was asked to adopt a decision approving these measures. During discussion on this matter at the Executive Board, Member States noted concerns with the proposed measures, particularly the proposal to "align" the UNESCO contribution percentage with that of most other UN agencies. The proposed 2/3 contribution for UNESCO and 1/3 contribution for participants would be high compared to other common system organizations. The Executive Board therefore adopted a decision that takes note of the proposed measures and invites the Director-General to submit to the next Executive Board for further consideration a plan of action, including financial implications, and a timetable for the implementation of recommendations of the External Auditor.

10. Decentralization and Communication with UNESCO

Discussion at the Executive Board on UNESCO's decentralization process (Agenda Item 5) was integrated with discussions on an item proposed by India on the relationship between UNESCO and National Commissions. Discussion of decentralization focused on the role of field offices, particularly in relation to National Commissions. India's proposal would strengthen the role of National Commission vis--vis UNESCO and Member States. USDel intervened, along with most other Member States who took the floor, to state that the role of the National Commission differed from country to country, and that UNESCO could not create one plan that would dictate the role of each National Commission. Member States noted that this was not a "one size fits all" scenario, and that the role of each National Commission had to be established by the Member State. No Member States spoke up against these sentiments, though the Indian Delegation worked diligently to keep their language in the decision.

After these discussions, the Executive Board adopted two decisions on these items. The first requests the Director-General to focus on improving the impact and quality of services of field offices, within existing resources, and refine the roles of field offices. This decision also invites the Director-General to pursue efforts to strengthen the relations of UNESCO Headquarters and field offices with National Commissions, taking into account their national characteristics. The second decision recognizes that National Commissions are a key actor in forging Member States' views on UNESCO's strategies and programs and reaffirms the need for UNESCO field offices and the National Commission to work in close cooperation through mutual and regular consultations. It also invites the Director-General to present to the General Conference proposed guidelines for such cooperation.

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